

Knight Center of Digital Excellence Resource Center



Broadband Market Profile: Tallahassee, Florida

Level One Assessment

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Contributors

The following OneCommunity / Knight Center of Digital Excellence colleagues contributed to the publication and analysis contained in this briefing book:

Listing of All Individuals who Contributed

Alissa McKenzie
David Grill
Deb Canale
Diana Kline
Kenneth Sawka
Michael Sawka



Purpose

The purpose of this document is to help benchmark current broadband coverage for households and institutional users over time. It will also help identify market gaps and opportunities. This report will help answer the following questions:

- What are the broadband options available in a community (number of vendors, speeds, prices, adoption)?
- What are the disparities in broadband availability within the community (based on income, geographic location, etc)?
- Who are the potential partners, competitors, customers?

This report is based solely on secondary data from open and subscription data bases and other published sources. It does not, due to time constraints, have additional and deeper insights that primary research can provide.



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Executive Summary

Tallahassee, FL is located in the Florida panhandle just south of the Florida/Georgia border. It is the capital of the State of Florida as well as the county seat of Leon County. It is the home to two major university campuses; Florida A&M University and Florida State University.

The population of Tallahassee was 176,000 in 2007. An additional 96,000 live in the unincorporated areas of Leon County. Tallahassee has a higher percentage of families living below the federal poverty line than does the county. 12.6% of Tallahassee families live below the poverty line as compared to 5.7% of families living in Leon County outside the city limits. The City & County publishes an annual Statistical Digest with a detailed breakdown of demographics. The 2008 Digest can be found at (http://www.talgov.com/planning/support/stat_digest.cfm). The Digest includes a breakdown by U.S. Census tracts, and a map of those tracts can be found at (www.talgov.com/planning/pdf/support/BW_2kcensusmapsmall_urban.pdf).

There is a very limited number of wireline service providers in Tallahassee. The ILEC is Embarq (formerly Sprint) and there is no significant competition from CLECs in the residential market. Broadband technologies available include DSL, CATV, and limited wireless broadband. Satellite service is also available in the community.

The key service providers active in Tallahassee include:

- Embarq (formerly Sprint) is the regional operating company providing ILEC service in the city of Tallahassee and the surrounding areas of Leon County. Embarq offers a full range of local and long distance services for residential and business accounts, including high speed DSL internet access.
- Comcast provides CATV service in the Tallahassee area, including different levels of high speed internet service.
- Deltacom, headquartered in Huntsville, AL was formed in 1997 and is the largest facilities-based Competitive Local Exchange Carrier (CLEC) in the Southeast. Deltacom provides voice, data, and internet services to business customers in Tallahassee. It does not serve residential customers.
- Electric and gas service is provided by a city owned utility called ‘Your Own Utility’.

While we did not obtain detailed, granular data describing the geographic network coverage in Tallahassee for these service providers, it is clear that between Embarq (with DSL access) and Comcast (with cable modem access) there are few, if any, areas of the city where broadband access is not available. The FCC, in a 2008 study (http://www.fcc.gov/Bureaus/Common_Carrier/Reports/FCC-State_Link/IAD/hspd0607_tables.xls), reports that cable modem service is available in Florida in 97% of those households where CATV service is available. DSL service is available in 89% of those households serviced by an ILEC. We believe, based on inquiries to the service providers themselves, that these figures are higher in Tallahassee itself. The real issue is affordability. A number of studies have concluded that households in the lower economic strata do not have broadband access because of the high cost of the service. (The same study reports the explosive growth of broadband access in the U.S. between 2000 and 2007, with ADSL lines increasing from 195,000 to 21M and cable modems increasing from 1.4M to 33M.)



The State of Florida has recognized the need to ‘assure its citizens access’ to broadband services. The legislature stated that:

[Title XXVII](#)
RAILROADS AND OTHER
REGULATED UTILITIES

[Chapter 364](#)
TELECOMMUNICATIONS
COMPANIES

[View Entire
Chapter](#)

364.507 Legislative intent.--

(1) The Legislature finds that it is in the interest of the state to assure its citizens access to advanced telecommunications services since such access will complement the provision of educational and health care services, thus enhancing the health, safety, and welfare of Floridians. The Legislature further finds that the network should be available to residents of rural, suburban, and urban areas so that all citizens may benefit.

(2) It is the intent of the Legislature that all local exchange telecommunications companies, including those with less than 100,000 access lines in service which do not elect to be regulated under price regulation pursuant to s. [364.051](#), should be required to provide advanced telecommunications services to eligible facilities in the absence of a competitive bid to provide such services pursuant to ¹s. [364.510](#)(3). This obligation arises from the privileges granted such local exchange telecommunications companies under part I of this chapter.

(3) It is the intent of the Legislature to encourage competition among providers of telecommunications services to provide advanced telecommunications services, as such competition will accelerate the deployment of advanced telecommunications services for the improvement of public education and public health services in the state.

(4) It is the intent of the Legislature to encourage joint ventures between telecommunications companies, cable companies, and other providers where such joint ventures accelerate, improve, or otherwise assist eligible facilities in receiving advanced telecommunications services.

History.--s. 31, ch. 95-403.

The State of Florida has also recognized the need to encourage and support the expansion of broadband facilities within the state. A 2008 update to the state Statutes states that:

[Title XXVII](#)
RAILROADS AND OTHER
REGULATED UTILITIES

[Chapter 364](#)
TELECOMMUNICATIONS
COMPANIES

[View Entire
Chapter](#)

364.515 Infrastructure investment.--

(1) Advanced telecommunications services shall be provided to eligible facilities in accordance with the provisions of this section.

(2) In order to be eligible under this act, an eligible facility, or a group of eligible facilities based on geographic proximity, shall submit a technology-needs request to the Department of Management Services. The department shall review the technology-needs request to determine if it conforms to the standards outlined in the State Education Technology Committee's plan. If the technology-needs request does not conform to the plan, then the department shall return the request to the eligible facility or group for modifications. After modification of a technology-needs request it can then be resubmitted by the eligible facility or a group of eligible facilities. A technology-needs request shall be submitted to the department no later than July 1, 1997. Nothing in this section shall prevent the Department of Management Services from grouping eligible facilities technology requests when such grouping would result in the most efficient method to deliver advanced telecommunications services.

(3) Once a technology-needs request or group request has been received and has been determined to meet the standards outlined in the plan, the Department of Management Services shall acquire advanced



telecommunications services requested by an eligible facility or group of eligible facilities pursuant to chapter 287. The Department of Management Services shall establish specifications to acquire the advanced telecommunications infrastructure needed to provide advanced telecommunications services. The advanced telecommunications infrastructure used to provide such connections to the eligible facilities shall be provided at no cost in an amount not to exceed \$20,000 per eligible facility. In those instances in which a competitive bid is not received, advanced telecommunications services to be provided over this communication infrastructure shall be priced below commercially available rates for comparable service and less than the statewide average of such services.

(4) Notwithstanding the requirements in subsection (3), in geographic areas where interconnection between entities is the most efficient method of providing advanced telecommunications services, the Department of Management Services may suggest, along with the commission, such interconnection arrangements.

(5) Any entity may submit a bid or proposal in response to the solicitation for services by the Department of Management Services. The Department of Management Services shall award a bid in conformity with chapter 287, and under no circumstances shall the bidder be required to install facilities until the eligible facility is ready to utilize the services. If no bids or proposals are received in response to a solicitation issued by the Department of Management Services, the Department of Management Services shall obtain the name and address from the commission of the carrier of last resort in the territory of the eligible facility and provide that carrier of last resort with a description of the advanced telecommunications services that must be provided. If no bids or proposals are submitted for the provision of advanced telecommunications services to an eligible facility, the telecommunications company serving as the carrier of last resort to such eligible facility shall provide the advanced telecommunications services.

(6) Advanced telecommunications services to be provided by the entity awarded the contract or, if no bid or proposal is received, the carrier of last resort shall be provided within 6 months or at such later date as the eligible facility may specify. In the event that a technology-needs request is received by July 1, 1997, but is requested not to be completed until after January 1, 1999, the Department of Management Services shall then issue a solicitation closer to the time the advanced telecommunications services are requested. The entities providing advanced telecommunications services pursuant to this chapter shall abide by the same terms and conditions as those eligible facilities requesting such services by January 1, 1999.

(7) Advanced telecommunications services provided pursuant to this part shall not be sold, resold, or otherwise transferred to an ineligible facility.

(8) Nothing in this part shall have an effect on advanced telecommunications services in operation as of the date this part is enacted.

(9) Nothing in this part shall preclude the Department of Management Services from combining an eligible facility with any grouping of qualified subscribers as defined in chapter 282, to create the most cost-effective and efficient access to network services.

History.--s. 31, ch. 95-403; s. 96, ch. 98-279; s. 61, ch. 2000-152.

The state has invested heavily in a broadband Wide Area Network (MyFloridaNet) and the city has invested in a 2 Gb Metropolitan Area Network. The two networks are interconnected and both are described in greater detail in the accompanying Community Asset Report. The state has also created a reliable state-wide emergency radio network which is also described in the Community Asset Report. The network is clearly intended as a unified emergency response network and does not appear to be intended for commercial use.

The Mayor and City Commission have made technology an important focus for the City of Tallahassee. The City believes Tallahassee businesses and citizens should have access to the latest technology. The administration believes that the need for physical connectivity to electrical current and Ethernet cable for



Internet Access is rapidly coming to an end. Beginning in January of 2002 the City of Tallahassee was one of the original partners in creating the Digital Canopy wireless broadband (WiFi) project in the downtown area. The City of Tallahassee has contracted with Hayes Computer Systems to maintain the Digital Canopy. The WiFi service is available at the Tallahassee Regional Airport and in downtown Tallahassee. For additional detail go to (<http://wifiservices.hcs.net/>)

In addition to the Digital Canopy, WiFi access is being piloted on city buses in the downtown area. StarMetro offers WiFi on ten of its coaches. This new technology will allow StarMetro riders to access the Internet via wireless enabled devices, such as laptops and personal digital assistants. StarMetro began the process of acquiring WiFi technology for its coaches almost a year ago. Partnering with the Parvus Corporation, StarMetro has worked to add this new feature on part of its fleet. Installation started in early February for RiderNet3 ("RiderNet cubed"), Parvus' third generation WiFi solution for mass transit vehicles, onboard the selected StarMetro coaches (<http://www.talgov.com/starmetro/news.cfm>).

A search of the website for the Leon County public school system (all school districts in Florida are county-wide) did not return any information on internet access for students, other than the fact that the internet is used as a teaching tool in the schools. (<http://www.leon.k12.fl.us/>)

While we have gathered considerable data on the availability of broadband data, the demographic data on current broadband penetration is not granular enough to be useful for our purposes. In an effort to acquire more granular demographic data on broadband penetration in the community, we have reached out to Florida A&M, Florida State, and to the Tallahassee Planning Department via a web enquiry. We expect that we will not receive a response until after the holiday season.

I. Service Providers

Surprisingly, given the population of Tallahassee and the fact that it is the state capital, the number of competitive service providers is lower than would be expected. Fixed broadband service providers found to be servicing Tallahassee include:

- **Embarq** (formally Sprint) is the incumbent local exchange carrier (ILEC) serving the City of Tallahassee and most of the surrounding county. It offers DSL internet access to residential and business customers. Embarq Corporation is headquartered in Overland Park, Kansas, and offers a complete suite of communications services. The company has approximately 18,000 employees and operates in 18 states. For consumers, EMBARQ offers an innovative portfolio of services that includes reliable local and long distance home phone service, high-speed Internet, wireless, and satellite TV from DISH Network®. For businesses, EMBARQ has a comprehensive range of integrated services for business use. This service portfolio includes local voice and data services, long distance, Business Class High Speed Internet, wireless, satellite TV from DIRECTV®, enhanced data network services, voice and data communication equipment and managed network services. The creation of Embarq was set in motion earlier when Sprint announced its merger with Nextel and planned to separate its traditional local business into a standalone company.

Embarq's residential DSL service plans include:

Up to 768k download speed for \$19.95 per month
Up to 1.5M download speed for \$24.95 per month
Up to 3.0M download speed for \$29.95 per month



Up to 5.0m download speed for \$39.95 per month
Up to 10.0M download speed for \$54.95 per month

These prices are available to customers who bundle DSL internet with home phone service and sign a two year agreement. Standalone internet access pricing is \$10/mo more expensive for each plan.

- **Comcast** is the sole CATV provider in Tallahassee, providing CATV, digital voice, and internet services throughout the city. Two plans for high speed internet service are offered:

Performance: 12 Mbps download for \$42.95 per month
Performance PLUS: 16 Mbps download for \$52.95 per month

These prices are offered to customers who already have either CATV or Digital Voice service from Comcast.

In addition to the aforementioned fixed broadband service providers, Florida has seen an expansion of wireless broadband service, with the major carriers offering high speed wireless internet access in Tallahassee.

AllTel (merging w/ Verizon), AT&T Wireless, Sprint, T-Mobile, and Verizon Wireless provides high speed wireless Internet to customers in and around Tallahassee. AllTel offers the service at \$70/mo, T-Mobile offers the service at \$50/mo while the other carriers offer service at \$60/month. All carriers have full coverage in and around the city. With the merger of AllTel and Verizon it remains to be seen whether the higher AllTel price for broadband will be retained.

II. Coverage Areas

Access to broadband internet services throughout Tallahassee is available. With rare exception Embarq can deliver DSL service throughout the serving area. Likewise, Comcast can serve all addresses in Tallahassee with CATV service and cable modem service. As described earlier, the major cellular carriers have full coverage in the city and all provide high speed internet access via laptop air cards.

The issue in Tallahassee is not access, but cost. The service is expensive, with the least expensive options for DSL, Cable, and Cellular access (faster than 1mb) costing \$33/mo, \$33/mo, and \$50/mo respectively.

Given the economic demographics of the area many residents cannot afford the expense. According to the 2008 Statistical Digest released by the city and county and referenced earlier 12.6% of the population of the city live below the federal poverty level, for which the cost of high speed internet access is out of reach.

The Leon County Public Schools does provide internet access from the classrooms, but appear to have no plan in place to provide PCs and internet access for students at home. There is a District Technology Plan that was updated in 2007 and can be accessed at http://sharepoint.leon.k12.fl.us/tis/Technology_Plan/Forms/AllItems.aspx



III. Broadband consumption

Although we researched a number of sources demographic data showing computer use, internet access, and broadband penetration, we were not able to obtain data specifically for Tallahassee. We have made requests to the City and to the two Universities in Tallahassee in an attempt to obtain data sorted down to the ward or district level of the city.

A 2007 U.S. Department of Commerce report entitled Networked Nation (<http://www.ntia.doc.gov/reports/2008/NetworkedNationBroadbandinAmerica2007.pdf>) ranked Florida 21 out of 50 on a list of households having broadband access at 53.2%. The high is New Hampshire at 64.9% and West Virginia at 32.7%.

IV. Price/cost structures

In the time allotted to complete this research, we have not obtained insight on the pricing and cost structures for circuit increments or other aspects of the broadband infrastructure cost. Additional research is required.

END OF REPORT